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FISCAL IMPACT STATEMENT

LS 7141

BILL NUMBER: HB 1399

NOTE PREPARED: Jan 9, 2013

BILL AMENDED:

SUBJECT: Indianapolis-Marion County issues.

FIRST AUTHOR: Rep. Kirchhofer

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Department of Public Safety:* The bill provides that the consolidated law enforcement department of a county having a consolidated city is a division of the department of public safety under the direction and control of the director of public safety.

Separate Item Reduction and Modification: It allows the mayor of a consolidated city to reduce or modify separate items of an ordinance appropriating money or levying a tax. (Under current law, the mayor may approve or veto separate items of only an ordinance appropriating money or levying a tax.)

Appointments: The bill eliminates the requirement that the city-county council approve the director and deputy director appointments of the mayor of the consolidated city.

Capital Improvement Board: The bill eliminates provisions that allow the city-county council to require the Capital Improvement Board of Managers to make payments in lieu of taxes (PILOTS) for deposit in the consolidated county fund.

Metropolitan Development Commission: It allows the mayor of a consolidated city to appoint two additional members to the metropolitan development commission, and eliminates the appointments of the county board of commissioners (consisting of the county treasurer, county auditor, and county assessor).

Allotment: It also allows the controller of the consolidated city and county to allot amounts appropriated to an office, department, or agency of the consolidated city or county.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill will have indeterminate cost savings to the extent that the mayor may reduce or modify separate items within the budget enacted by the city-county council and that the controller will allot appropriations or make reductions to allotments in certain circumstance.

If the mayor reduces or modifies an item in the budget before signing the budget, cost savings will occur. While current statute allows a veto of the separate items of the budget, which would result in funds not being expended, this additional power would allow the separate item to be preserved in the budget at a reduced expense.

Similarly, under the bill, if probable tax or other receipts are less than anticipated or the amount available for the remainder of the appropriation or allotment is less than the amount estimated for the period, the controller, with the approval of the mayor, and with notice to an office, department, or agency can reduce the amount of the allotment. Under the bill, the year will be divided into four quarterly allotment periods. An appropriation is not available for expenditures until the office, agency, or department makes an estimate of the amount required for each activity and the purpose of expenditures during the allotment period, and the funds are allotted. Funds can be allotted when they are within the purpose of the appropriation and the office, department, or agency contemplates expending the allotment within the allotment period. The controller can modify the estimate to conform the appropriation to the needs of the office, department, or agency.

Other proposed changes concerning appointments have no direct fiscal impact on the consolidated city.

Background - Department of Public Safety: The ordinance consolidating the police department and sheriff's department contains provisions for the department of public safety to be under the direction and control of the director of public safety. The bill would codify this in state statute.

Explanation of Local Revenues: *Capital Improvement Board:* The bill will remove one of three public entities that may be subject to payments in lieu of taxes (PILOTS), thereby limiting this potential source of revenue for the consolidated city.

Background: The city-county council passed Ordinance 295 requiring the Capital Improvement Board of Managers (Cib) to a PILOTS of \$15 million for 2013. The CIB has refused to pay the PILOTS for several reasons and has appealed to the State Board of Accounts. The CIB has paid no PILOTS since FY 2001.

State Agencies Affected:

Local Agencies Affected: Consolidated city.

Information Sources: Capital Improvement Board of Managers, *Comprehensive Annual Financial Report*, December 31, 2010.

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